EX PARTE OR LATE FILED

RECEIVED

JUL 17 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DOCKET FILE COPY ORIGINAL

July 17, 1997

Mr. William Caton
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: EX PARTE PRESENTATION -- WT Docket No. 97-82

Broadband PCS Installment Payment Restructuring

Dear Mr. Caton:

Yesterday, representatives of Next*Wave* Telecom Inc. ("Next*Wave*" or "company") met with representatives of the Federal Communications Commission to discuss issues in the above-referenced proceeding. Next*Wave* was represented by Janice Obuchowski and Charla Rath of the company, and by Richard Bushnell of BT Wolfensohn, consultant to Next*Wave*. Commission members at the meeting were Jon Garcia and Evan Kwerel of the Office of Plans and Policy, Peter Tenhula, Office of the General Counsel, and David Shiffrin of the Wireless Bureau. The views expressed by Next*Wave*'s representatives were previously presented to the Commission in the company's written filings in the above-referenced proceeding. A copy of material distributed by Next*Wave* at the meeting is included with this letter.

In accordance with Section 1.1206 of the Commission's rules, an original and two copies of this filing are being submitted to you today. Please direct any questions concerning this matter to me or Michael Wack, at 202-347-2771.

Sincerely,

Michael Regan
Next*Wave* Telecom Inc.

Attachment

Next*Wave* Telecom Inc.

1101 Pennsylvania Avenue, N.W.

Suite 805

Washington, D.C. 20004

Tel. 202.347.2771

Fax. 202.347.2822

www: nextwavetel.com

No. of Copies rec'd 0+2
List ABCDE

w/o Attachment

cc: Jon Garcia
Evan Kwerel
Peter Tenhula
David Shiffrin

NextWave Telecom Inc.

Excerpts from

Overview of Telecommunications Financing Considerations

June 1997

BT WOLFENSOHN

Key Conclusions from Prior Telecom Financings

BT Wolfensohn has analyzed several case studies[a] to reach the following illustrative conclusions regarding nascent telecom ventures.

- Telecom start-ups require enormous investments to fund the development of network infrastructure and operating losses.
- Although a variety of potential sources of financing are available, access to capital is one of the biggest challenges facing most telecom projects.
- Providers of capital to telecom start-ups recognize the inherent long-term nature in these projects and are often willing to provide equity or interest-deferred debt.
- During the start-up and build-out phases of telecom ventures, the availability of venture capital to fund the project is highly variable and may depend heavily on industry and financial markets conditions.
- Vendor financing is an important source of capital during the start-up and build-out phases. It, however, can be difficult to secure without clearly demonstrating a viable business model and prior financing.
- Telecom start-ups must constantly revise their financing strategy and may often renegotiate terms of outstanding instruments as their business plans change and to respond to volatile market conditions.
- The FCC can restructure the C-block debt in a manner that should assist C-block licensees in obtaining financing to enable the licensees to build out their networks.

(a) Detailed case studies for MCI Communications, McCaw Cellular, Nextel Communications and Omnipoint are provided on pages 7-21 of this presentation.

Financial Life-Cycle of Telecom Ventures

Telecom ventures have several distinct phases of development with varying levels of access to financing.

Phase	**Start-Up**	**Build-Out**	**Completion**
Operational Characteristics	• Heavy investment in network design and construction • Limited service offering • Minimal, if any, revenues	• Continued network build-out • Expanded service offering • Substantial revenues • Limited, possibly negative cash flow	• Completed network • Maintenance capex • Broad service offering • Free cash flow • Eventual profitability
Financing Need	• Very High	• High	• Limited, except for acquisitions
Financing Sources	• **Financial/strategic equity investors** • **Vendor financing** • Mezzanine • Public markets (primarily equity)	• Financial/strategic equity investors • **Vendor financing** • **Mezzanine** • **Public markets** • Bank loans	• **Bank loans** • Public markets
Key Drivers of Access to Financing	• Availability of venture capital • Market sentiment • Business model • Project timetable	• Business model execution • Customer acceptance • Revenue trends • Competitive position • Financial market trends	• Earnings/revenue trends • Long-term strategy • Industry outlook

Capital Access

Debt and equity capital for telecom ventures has consistently followed the availability outlined below.

	Start-Up	Build-Out	Maturity
Debt Vendor	• Available, but difficult to obtain.	• Available to companies that have established a viable business model during start-up.	• Limited, usually not available on attractive economic terms. Generally not used by mature businesses.
Bank	• Not available due to lack of cash flow and tangible assets.	• Available to companies with substantial cash flow.	• Available.
Public	• Generally not available due to lack of operating history and tangible assets.	• Heavily dependent on market sentiment toward industry conditions, operating progress and market trends.	• Available.
Equity Private - Financial	• Usually the first to participate in nascent technologies. Annual returns exceeding 40% are sought.	• Generally not utilized by companies that have been successful in the start-up phase.	• Limited and usually not economic if build-out phase was successful.
Private - Strategic	• Generally invest at higher valuation levels than financial investors. Long-term competitive advantage is the general rationale.	• Limited, heavily dependent on competitive position of the venture and investor.	• Limited and usually not economic if build-out phase was successful.
Public	• Heavily dependent on market sentiment toward technology, business prospects and market trends.	• Heavily dependent on market sentiment toward industry conditions, operating progress and market trends.	• Available but subject to industry conditions and market trends.

Deferred Interest Instruments[a]

Deferred interest securities have proven to be an important source of financing for wireless ventures during the "start-up" and "build-out" phases in which cash flow is severely limited as shown in the following examples.

Selected Issuers	Issue Date	Amount ($ in mm)	Non-Cash Period	Description
McCaw Cellular	June 1988	$250.0	4.5 years	11.95% Convertible Senior Discount Debentures
Intercel	February 1996 March 1996 March 1997	360.0 150.0 45.0	5 years NA NA	12% Senior Discount notes due 2006 Convertible Preferred Stock Convertible Preferred Stock
Centennial	1992	128.0	No required dividends for 5 years	Mandatory redemption in 2007. 7.5% Cumulative Preferred Stock
Nextel Communications	August 1993 February 1994	525.9 1,126.4	5.5 years 5.5 years	11.50% Senior Discount notes due 2003 9.75% Senior Discount notes due 2004
Clearnet Communications	December 1995 February 1997	367.0 353.0	6 years 2 years	Senior Discount notes due 2005 Vendor financing
Globalstar	March 1996	300.0	Dividend Payable in Common Stock	6.5% Convertible Preferred Equivalent Obligations
Omnipoint	1995	382.5	2 years	Credit facility with Northern Telecom which includes a portion due June 1997 that can be used for working capital purposes including interest payments on the facility.
Aerial Communications	November 1996	226.2	Until maturity	Zero-coupon notes due 2006.
Sprint Spectrum	August 1996	500.0	5 years	Senior Discount notes due 2006

(a) Taken from public documents.

Special Considerations for C-Block Companies

The C-block licensees face even greater challenges to financing their networks than prior telecom start-ups.

Higher Financing Hurdle Due to License Debt

- The FCC has a long history of creating new telecommunications industries such as long distance, competitive local exchange, cellular, paging and PCS; and encouraging competition among industry participants.
- However, previous new industries did not begin life with large debts to the government. In particular, cellular companies were awarded free spectrum and did not incur the same magnitude of acquisition costs as the C-block licensees.
- The A/B-block auction participants consisted primarily of large, well-capitalized companies with significant internal resources to fund license acquisition costs.
- Hence, the C-block licensees are the first major new telecom ventures created by the FCC to face the challenge of funding both license costs and network build-out.

More Challenging Competitive Environment

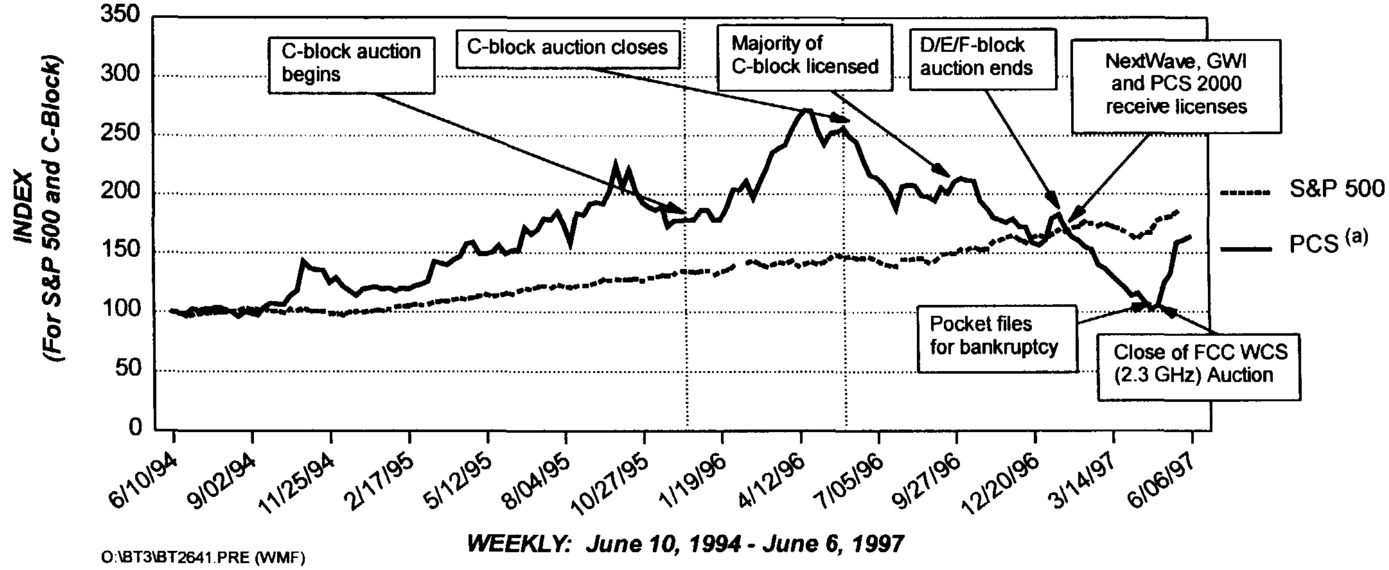
- Furthermore, as the latest entrants in the wireless telecom sector, the C-block licensees face a higher degree of competition than cellular or paging companies experienced, often in the form of well-entrenched and well-capitalized incumbents.
- The higher level of competition exists in the marketplace both for customers and sources of financing.
- This challenging competitive environment is further hindered by the challenging financial environment of the months since the close of the C-block auction.

Equity Performance of PCS Companies

- Wireless stocks substantially outperformed the broader market prior to and during the C-block auction process. Licensees generally viewed the market sentiment as an indicator of available financing.
- Subsequent to the closing of the auction, wireless stocks lost approximately one-third of their value adversely impacting the financing plans of the C Block licensees.
- Subsequent D, E, F auctions, provided much lower valuations per pop, further reducing the market's receptivity to the C-block licensees.

PCS vs. S&P 500

Indexed to June 10, 1994

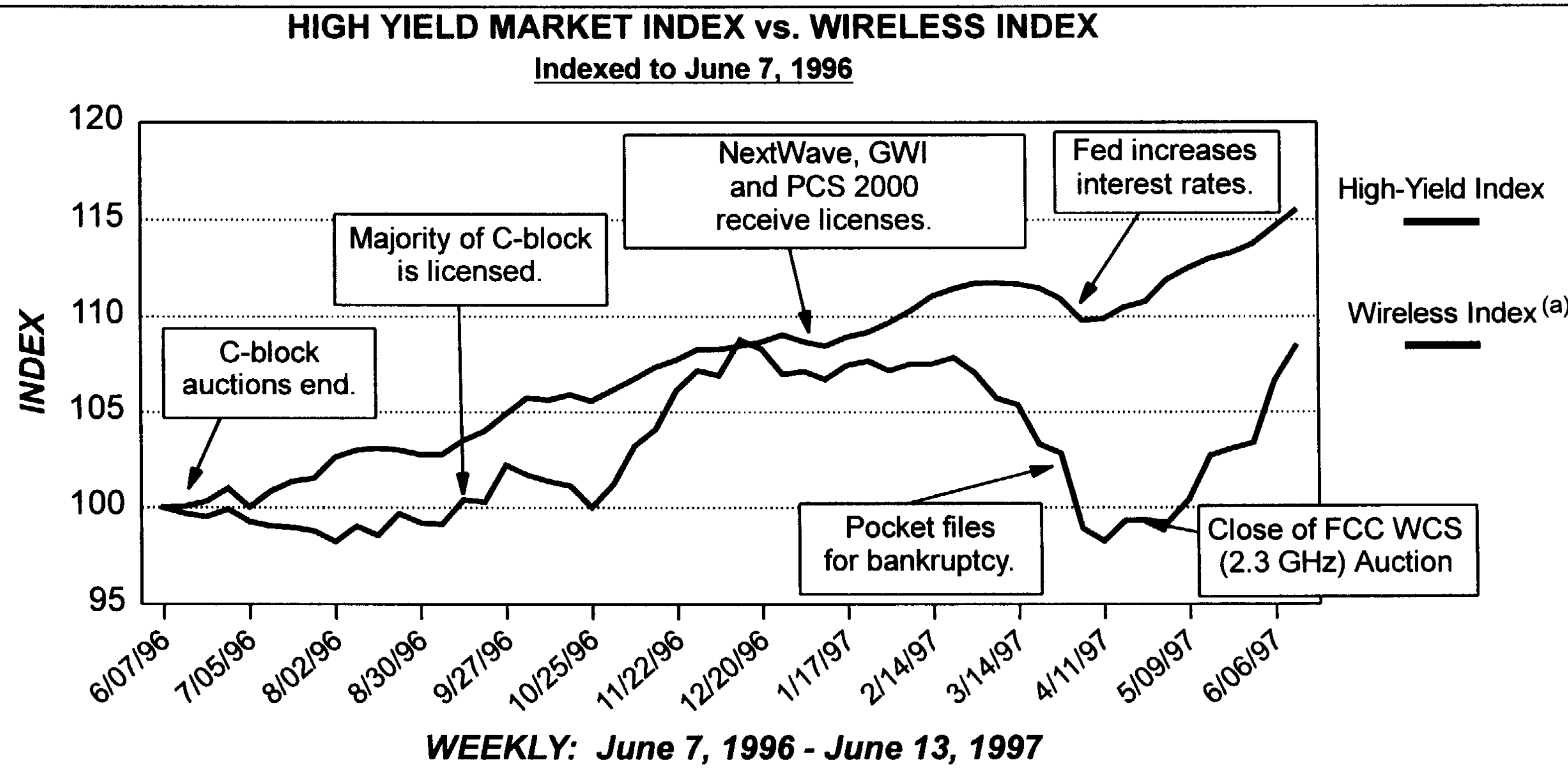


O:\BT3\BT2641.PRE (WMF)

(a) Aerial, Intercel, Omnipoint and Western Wireless. Looking forward these companies will derive the larger part of their revenues from PCS technology.

High Yield Performance of PCS Companies

PCS high yield offerings have been more volatile than the general high yield market. The market has experienced a drop in demand for wireless issues since late 1996 and several planned offerings have been postponed.

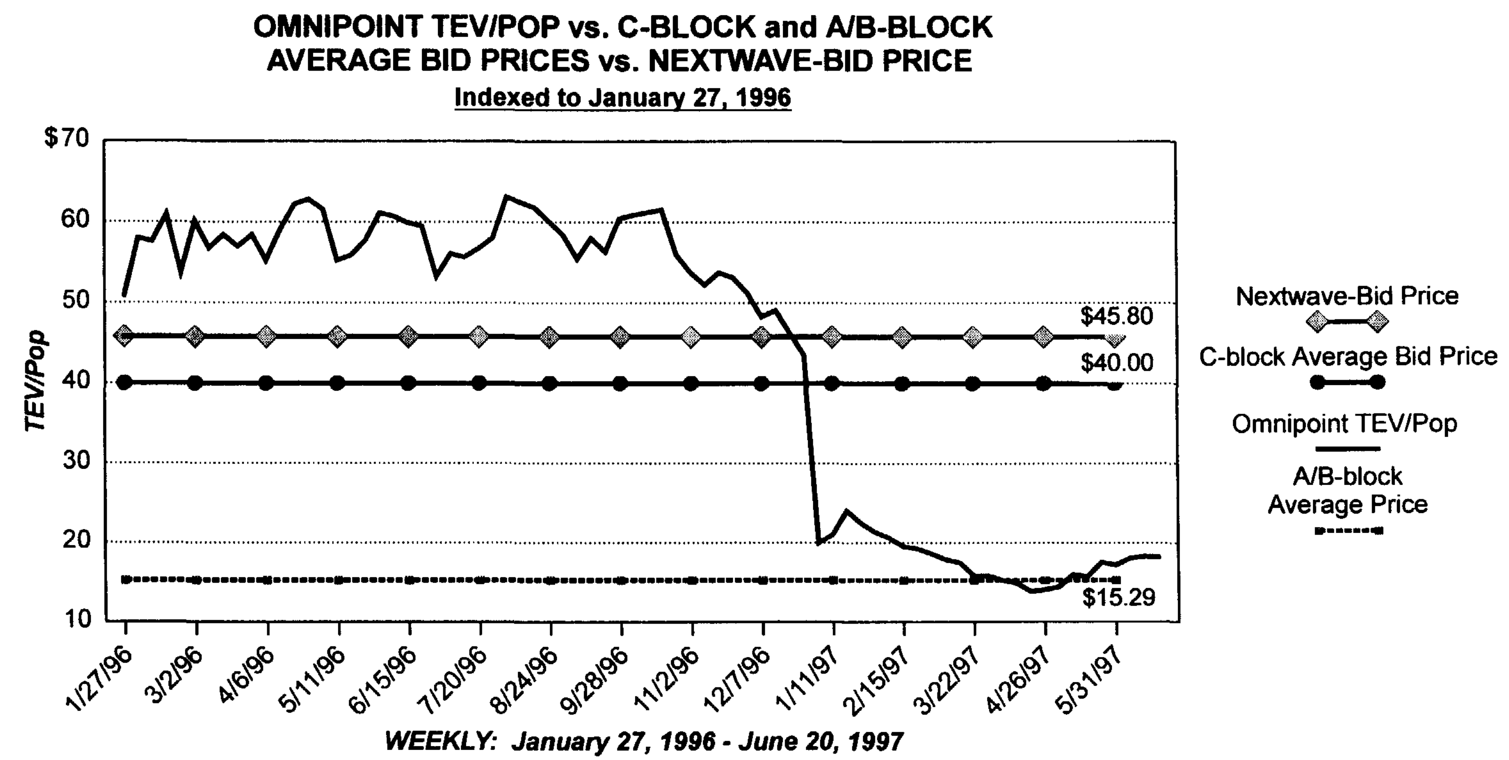


O:\BT3\BT2690.PRE (WMF)

(a) Wireless index includes high-yield bonds issued by Omnipoint, Sprint Spectrum, Western Wireless and Intercel.

Value of the C-Block

Omnipoint's Total Enterprise Value per pop demonstrates how PCS licensee asset values have declined since the completion of the C-block auction.



O:\BT3\BT2689.PRE (WMF)

FCC Obligation Restructuring Alternatives

We believe the FCC can effect a restructuring which should allow NextWave to gain access to the capital markets and proceed with its business plan.

Summary Terms of Restructuring Alternatives

	Status Quo	Option A	Option B
Principal Forgiveness:	None	None	None
Interest Rate:	6.5% (cash pay quarterly)	6.5% (annually)	0% for Years 1-3; 6.5% thereafter (annually)
PIK Interest Period:	None	Years 1-8	Years 1-7
Interest Only:	Years 1-6	Years 9-19	Years 8-14
Principal Amortization:	Years 7-10 (quarterly amortization)	Year 20 (bullet)	Year 15 (bullet)

FCC Obligation Restructuring Alternatives
(continued)

BT Wolfensohn has used a present value methodology to determine the impact of the options presented on the previous page. While there is no reduction in principal, the proposed alternatives are in line with A/B-block auction prices.

Summary of Restructuring Alternatives

Status Quo	
PV of C-block Debt @ 14%	$2,733 million
Value as a % of Face	*65%*
PV of C-block Debt @ 6.5%	$4,269 million
Value as a % of Face	*100%*
Total PV of FCC Debt @ 14% per Adjusted POP	$26.38

Option A	
PV of C-block Debt @ 14%	$1,425 million
Value as a % of Face	*33%*
PV of C-block Debt @ 6.5%	$4,269 million
Value as a % of Face	*100%*
Total PV of C-block FCC Debt @ 14% per Adjusted POP	$13.76

Option B	
PV of C-block Debt @ 14%	$1,431 million
Value as a % of Face	*34%*
PV of C-block Debt @ 6.5%	$3,534 million
Value as a % of Face	*83%*
Total PV of C-block FCC Debt @ 14% per Adjusted POP	$13.81

License Acquisition Cost Comparables
(Numbers in millions, except per POP)

	Final A/B-block Bid Totals	1990 POPs	Avg Cost/ POP
Sprint Spectrum	$2,110.1	144.9	$14.56
AT&T Wireless	1,684.4	107.1	15.73
PCS PrimeCo, LP	1,107.2	57.2	19.36
Pacific Telesis	695.7	31.0	22.41
GTE Macro Communications	398.3	19.4	20.51
Omnipoint Communication	347.5	26.4	13.16
American Portable Telecommunications	288.9	26.5	10.91
Cox Enterprise	251.9	19.1	13.16
Ameritech Wireless Communication	158.1	8.0	19.85
Western PCS Corporation	144.2	13.7	10.51
Powertel PCS Partners	124.4	9.0	13.85
American Personal Communications	102.3	7.8	13.16
PhillieCo, LP	85.0	8.9	9.52
BellSouth Personal communications	82.1	11.4	7.18
Southwestern Bell Mobile Systems	73.5	6.6	11.11
Centennial Cellular Corp	54.7	3.6	15.09
Poka Lambro Telephone Coop	5.8	2.0	2.84
Cox Cable Communications	5.1	1.7	3.06
GCI Communications	1.7	0.6	3.00
Communications International	0.2	0.05	4.85
South Seas Satellite Comm.	0.2	0.05	4.57
		Average for all bids	$15.29

Nextwave C-block Only			
Option A			
PV - FCC Obligations	$1,425		$13.76
Down Payment	474		$4.58
Nextwave -Total License Cost	**$1,900**	**103.6**	**$18.34**
Option B			
PV - FCC Obligations	$1,431		$13.81
Down Payment	474		4.58
Nextwave -Total License Cost	**$1,905**	**103.6**	**$18.39**

Nextwave Total License Costs			
Option A			
PV - FCC Obligations	$1,489		$10.91
Down Payment	487		3.57
Nextwave -Total License Cost	**$1,977**	**136.5**[a]	**$14.48**
Option B			
PV - FCC Obligations	$1,495		$10.95
Down Payment	487		$3.57
Nextwave -Total License Cost	**$1,983**	**136.5**[a]	**$14.52**

(a) 10 MHz POPs are assumed to be 50% of reported POPs for comparative purposes.